

Untitled

November 3, 1999

Mary L. Cottrell, Secretary

Department of Telecommunications and Energy

One South Station

Boston, Massachusetts 02110

Re: Model Terms and Conditions for the Gas Industry, D.T.E. 98-32

Dear Ms. Cottrell:

On November 30, 1998, the Department of Telecommunications and Energy (the "Department") approved a settlement (the "Settlement") between the ten investor-owned local distribution companies (the "LDCs") and the Marketers, resolving certain portions of the Model Terms and Conditions for the natural gas industry. As discussed in that filing, the Settlement did not include provisions for capacity assignment (section 13.0) and peaking services (section 16.0) and left open for further determination issues relating to Default Service (section 15.0). The LDCs herewith file, for Department review and approval, an original and nine copies of those portions of the Model Terms and Conditions that were omitted from the Settlement. Although not filed as a settlement, these terms and conditions are the result of several months of discussion and negotiation between the LDCs and competitive gas marketers and incorporate the modifications on which agreement was reached.

Following the issuance of the Department's order on capacity assignment and cost responsibility on February 1, 1999, the LDCs developed drafts of section 13.0 (capacity assignment), section 15.0 (default service) and section 16.0 (peaking service) for consideration by participants in the Massachusetts Gas Unbundling Collaborative (the "Collaborative"). The LDCs distributed to Collaborative participants section 13.0 (capacity assignment) and section 15.0 (default service) on May 14, 1999, and section 16.0 (peaking service) on June 9, 1999. Collaborative meetings were held on June 7 and June 24, 1999, at which time Collaborative participants had the opportunity to comment and propose edits to the draft sections.

Because the LDCs view these terms and conditions as establishing the business rules and practices that will govern the way in which the LDCs will interact with competitive suppliers and achieve coordination of their respective operations, the LDCs entered into negotiations with the marketers on these terms and conditions following the June 24, 1999 meeting. Over the course of the summer, the LDCs and marketers exchanged proposals on a list of key issues identified by the marketers in relation to the LDCs' draft terms and conditions on capacity assignment and peaking services. As a result of those exchanges, as well as multiple discussions with the marketers, the LDCs have redrafted the terms and conditions proposed herein to incorporate certain changes stemming from the negotiation effort.

The LDCs anticipate that the Department will provide notice and an opportunity for comment on the proposed draft sections of the Model Terms and Conditions and the LDCs will cooperate fully in that effort. In developing these terms and conditions, the LDCs have committed to implement the Model Terms and Conditions by April 1, 2000. However, in order to accomplish this goal, the LDCs will need to have approved compliance filings in place by February 1, 2000, and consumer-education efforts will need to have commenced in early January. Since the compliance filings will be based on the Model Terms and Conditions, the LDCs will need the Department's order approving Model Terms and Conditions on or before December 31, 1999.

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Thank you for your consideration of this matter.

Sincerely,

Robert J. Keegan

Enclosures

cc: Mary L. Cottrell, Secretary

George Dean, Assistant Attorney General

David O'Connor, Commissioner, Division of Energy Resources

Service List – Massachusetts Gas Unbundling Collaborative